



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 26

Agenda Date: May 18, 2023

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Delegation of Authority to City Manager for Strategic Development Program Contracts

SUMMARY:

This Ordinance delegates authority to the City Manager or designee to approve change orders and execute amendments for contracts related to the Strategic Development Plan in an amount up to and including the percent of contingency established at the award of the contract. This authority would be limited to the contracts supporting the Terminal Development Program or the Airfield Program. The authority would also be limited to contracts procured under Chapter 2269 and Chapter 2254 of the Texas Government Code. City Council will receive a report within 30 days of the issuance of a change order or amendment utilized with this authority.

Through the delegation of authority, the City of San Antonio will minimize its financial risk during the construction of two of the largest capital programs in the City's history – the Terminal Development Program and the Airfield Program. Both programs were developed out of the Strategic Development Plan approved by City Council in November 2021.

BACKGROUND INFORMATION:

The two programs comprising the Strategic Development Plan for the San Antonio International Airport constitute two of the largest, multi-year capital programs in the history of the City of San Antonio and have aggressive schedules to meet commitments to stakeholders and public. The programs will each have multiple contracts valued over \$100 million, including the Construction Manager at Risk contract for the construction of the new terminal facility. These projects are undertaken in a complex, operationally challenging environment and will have to be carefully managed to ensure aircraft operations and passenger levels of service are maintained and critical systems are operational all the time. Additionally, these projects are often inter-related with a delay in one project impacting several other projects and the overall program schedule.

Cities and airport authorities, including Atlanta Hartsfield-Jackson, Austin Bergstrom, Dallas-Fort Worth and Pittsburgh, have utilized delegation of authority to allow a city manager or airport authority executive director to allow for timely authorization of change orders or amendments in order to streamline decision time and resolve issues quickly, thereby minimizing financial risk resulting from project delays. Most terminal expansion programs similar in size to the one at San Antonio International Airport, at their peak, have an anticipated daily spend rate of approximately \$800,000.00. Project delays that impact the schedule also impact the airport's ability to generate non-airline revenue from parking operations, concessionaires and other services that help fund the operations at the airport.

The Airfield Program projects face similar challenges and additionally require coordination with the Federal Aviation Administration as most projects will be eligible for federal funds. This program includes construction, reconstruction, expansion or improvement projects to the San Antonio International Airport airfield.

The ability to provide timely approvals and immediate direction will reduce the City of San Antonio's exposure to large delays. Additionally, the Texas Government Code for Chapter 2269 (construction contracts) and Chapter 2254 (professional and consulting services contracts) allow for the delegation of authority.

ISSUE:

This Ordinance delegates authority to the City Manager or designee to approve change orders and execute amendments for contracts related to the Strategic Development Plan in an amount up to and including the percent of contingency established at the award of the contract. This authority would be limited to the contracts supporting the Terminal Development Program or the Airfield Program. The authority would also be limited to contracts procured under Chapter 2269 and Chapter 2254 of the Texas Government Code. City Council will receive a report within 30 days of the issuance of a change order or amendment utilized with this authority.

Once the Delegation of Authority Ordinance is authorized, the Aviation Department will bring contracts procured under Chapters 2269 and 2254 that support either the Terminal Development Program or the Airfield Safety Enhancement Improvement program for City Council consideration with an established contingency amount. The City Manager or designee would then be authorized

to approve individual change orders and amendments to those contracts up to the total established contingency amount.

ALTERNATIVES:

Without the adoption of the Delegation of Authority Ordinance, the projects identified in the Terminal Development Program and the Airfield Program face financial risk due to lengthy approval processes that could lead to large delay claims.

FISCAL IMPACT:

This Ordinance delegates authority to the City Manager or designee to approve change orders and execute amendments for contracts related to the Terminal Development Program or the Airfield Program in an amount up to and including the percent of contingency established at the award of the contract and procured under Chapter 2269 or Chapter 2254 of the Texas Government Code.

RECOMMENDATION:

Staff recommends the approval of the Delegation of Authority for the Strategic Development Plan for the San Antonio International Airport.